

1 **STATE OF GEORGIA**  
2 **COUNTY OF FULTON**  
3 **CITY OF SOUTH FULTON**  
4  
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6 **RESOLUTION NO. 2018-026**  
7

8 **RESOLUTION TO AMEND THE FISCAL YEAR 2018 FINAL BUDGET FOR**  
9 **EACH FUND OF THE CITY OF SOUTH FULTON, GEORGIA,**  
10 **APPROPRIATING THE AMOUNTS SHOWING IN EACH FUND AS**  
11 **EXPENDITURES/EXPENSES, ADOPTING THE SEVERAL ITEMS OF**  
12 **REVENUE ANTICIPATIONS, AND PROHIBITING EXPENDITURES OR**  
13 **EXPENSES FROM EXCEEDING THE ACTUAL FUNDING AVAILABLE AND**  
14 **FOR OTHER LAWFUL PURPOSES**  
15

16 **WHEREAS**, the City of South Fulton ("City") is a municipal corporation duly  
17 organized and existing under the laws of the State of Georgia and is charged with  
18 providing public services to local residents;  
19

20 **WHEREAS**, the Mayor and Council ("City Council") is the duly elected governing  
21 authority of the City;  
22

23 **WHEREAS**, sound governmental operations require a budget in order to plan the  
24 financing of services for City residents;  
25

26 **WHEREAS**, O.C.G.A. § 36-81-1 requires a balanced budget for the City's fiscal  
27 year, which runs from October 1<sup>st</sup> to September 30<sup>th</sup> of each year;  
28

29 **WHEREAS**, O.C.G.A. § 36-81-3 authorizes a local government to amend "its  
30 budget so as to adapt to changing governmental needs during the budget period."  
31

32 **WHEREAS**, Section 6.27 of the City Charter provides that "the City Council by  
33 majority vote may make changes in the appropriations contained in the current operating  
34 budget at any regular meeting or special or emergency meeting called for such purposes;"  
35

36 **WHEREAS**, the City Council has reviewed the amended budget as presented by  
37 the City Manager;  
38

39 **WHEREAS**, each of these funds is a balanced budget, so that anticipated  
40 revenues and other financial resources for each fund equal the proposed expenditures or  
41 expenses;  
42

43 **WHEREAS**, the City Council wishes by this Resolution to amend its final Fiscal  
44 Year 2018 annual budget (said amendment referred to herein as "Amended Final Fiscal  
45 Year 2018 Budget"), effective from October 1, 2017 through September 30, 2018; and

47 **WHEREAS**, this resolution will benefit the health and general welfare of the City,  
48 its citizens and general public.

49 **NOW, THEREFORE, THE CITY COUNCIL OF SOUTH FULTON,**  
50 **GEORGIA, HEREBY RESOLVES:**

- 51 1. **Amendment of Budget.** That the Amended Final Fiscal Year 2018 Budget,  
52 attached hereto and incorporated herein as a part of this Resolution, is hereby  
53 adopted as the final budget for the City of South Fulton, Georgia for the Fiscal Year  
54 2018, which begins October 1, 2017 and ends September 30, 2018. A summary  
is  
55 copied below of the budget adopted 9/2017 as compared to the Amended Final  
56 Fiscal Year 2018 Budget adopted herein:  
57

REVENUES	Adopted Budget 9/2017	Propose Amended Budget
General Fund	\$65,080,926	\$43,080,926
Debt Service		\$22,000,000
<b>Total Source of Funds</b>	<b>\$65,080,926</b>	<b>\$65,080,926</b>
EXPENDITURES	Adopted Budget 9/2017	Propose Amended Budget
General Fund	\$52,080,926	\$50,397,780
E-911	\$-	\$1,287,500
Debt Service	\$13,000,000	\$12,336,000
Capital Projects		\$980,000
Projected Surplus		\$79,646
<b>Total Use of Funds</b>	<b>\$65,080,926</b>	<b>\$65,080,926</b>

- 58  
59 2. **Appropriation.** That the several items of revenues, expenditures, other financial  
60 resources, and sources of cash shown in the budget for each fund in the amounts  
61 shown within the Amended Final Fiscal Year 2018 Budget are hereby adopted, and  
62 that the several amounts shown in the budget for each fund as proposed  
63 expenditures or expenses and uses of cash are hereby appropriated to the  
64 departments named in each fund.  
65  
66 3. **Legal Level of Control.** That the "legal level of control" as defined in O.C.G.A.  
67 § 36-81-2 is set at the department level, meaning that the City Manager in his/her  
68 capacity is authorized to move appropriations from one-line item to another within  
69 a department, but under no circumstances may expenditures or expenses exceed  
70 the amount appropriated for a department without a further budget amendment  
71 approved by the City Council.  
72  
73 4. **Expiration of Appropriations.** That all appropriations shall lapse at the end  
74 of the fiscal year.



76       **Section 2.** It is hereby declared to be the intention of the Mayor and Council that: (a)  
77 All sections, paragraphs, sentences, clauses and phrases of this Resolution are or  
78 were,  
79 upon their enactment, believed by the City Council to be fully valid, enforceable and  
constitutional.

80       (b) To the greatest extent allowed by law, each and every section, paragraph,  
81 sentence, clause or phrase of this Resolution is severable from every other section,  
82 paragraph, sentence, clause or phrase of this Resolution. No section, paragraph,  
83 sentence, clause or phrase of this Resolution is mutually dependent upon any other  
84 section, paragraph, sentence, clause or phrase of this Resolution.

85       (c) In the event that any phrase, clause, sentence, paragraph or section of this  
86 Resolution shall, for any reason whatsoever, be declared invalid, unconstitutional or  
87 otherwise unenforceable by the valid judgment or decree of any court of competent  
88 jurisdiction, it is the express intent of the City Council that such invalidity,  
89 unconstitutionality or unenforceability shall, to the greatest extent allowed by law, not  
90 render invalid, unconstitutional or otherwise unenforceable any of the remaining  
91 phrases, clauses, sentences, paragraphs or sections of the Resolution.

92       **Section 3.** All Resolutions and parts of Resolutions in conflict herewith are hereby  
93 expressly repealed.

94       **Section 4.** The effective date of this Resolution shall be the date of adoption unless  
provided otherwise by the City Charter or state and/or federal law.

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The foregoing RESOLUTION No. **2018-026**, adopted on **April 24, 2018** was offered by Councilmember **Gilyard**, who moved its approval. The motion was seconded by Councilmember **Gumbs**, and being put to a vote, the result was as follows:

	AYE	NAY
William "Bill" Edwards, Mayor	<hr/>	<hr/>
Mark Baker, Mayor Pro Tem	<hr/> √	<hr/>
Catherine Foster Rowell	<hr/> √	<hr/>
Carmalitha Lizandra Gumbs	<hr/> √	<hr/>
Helen Zenobia Willis	<hr/> √	<hr/>
Gertrude Naeema Gilyard	<hr/> √	<hr/>
Rosie Jackson	<hr/> √	<hr/>
khalid kamau	<hr/> √	<hr/>

THIS RESOLUTION adopted this 24<sup>th</sup> day of April 2018. CITY OF SOUTH FULTON, GEORGIA.



WILLIAM "BILL" EDWARDS, MAYOR

ATTEST:



MARK MASSEY, CITY CLERK



ITEM# Res 2018-026 DATE 4/24/2018


APPROVED AS TO FORM:



CITY ATTORNEY



**TO:** William "Bill" Edwards, Mayor

**FROM:** Odie Donald II, City Manager 

**DATE:** April 20, 2018

**SUBJECT:** **FY2018 Budget Amendment**

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## **BACKGROUND**

In September of 2017, the City of South Fulton (COSF) approved a \$65 million operational budget for FY2018. During the fiscal year the COSF has transitioned both police and fire services, with parks and recreation to follow. Additional services will also soon be transitioned, although the schedule for transition is still under consideration. The City has an outstanding Tax Anticipation Note (TAN) of \$12,000,000 due December 31, 2018. The City Council also approved the borrowing of up to \$10 million, which to date has not been implemented.

## **SUMMARY**

Due to circumstances around the creation of a new city, the FY2018 budget and revenues do not completely align. Specifically, many expenditures are realized in advance of projected or expected revenues. The attached presentation includes a brief overview of expenditures versus revenues year to date. Key areas of consideration include unrealized revenue, as well as a variety of unbudgeted expenses.

## **MID-YEAR BUDGET OVERVIEW**

Prior to FY2019 budget formulation, the City must get a strong handle on cash flow. Developing a model for reporting cash flow that will keep the Mayor and Council informed on a routine basis for three key areas: (1) how the City is positioned as it relates cash flow, (2) where to highlight concern areas, and (3) when the City will reach its break-even point and progress to a structurally balanced period in the cycle, is imperative. The fiscal team is committed, talented and capable, but in need of additional capacity. To be successful:

- COSF needs the support of an experienced financial advisory firm to assist with establishing key foundational elements to budget development and implementation, as well as support in effectively communicating risk areas in support of FY2019 budget development.
- Fiscal staff must implement spending controls immediately, and those controls need to remain in place until such time as the cash flow stabilizes.
- Enhancing the use of Fiscal Impact Statements and budget analysis in the decision-making process, in collaboration with a process that requires final sign off from the CFO is vital. This process includes resolutions, policy, or legislation proposed by the Mayor/Council that have a fiscal impact.



## *Revenues*

The COSF is currently projected to receive approximately \$16 million less in revenues than projected during FY2018. It is important to note that a substantial portion of these revenues are delayed and should be realized in FY2019. The City received its first monthly payment from Fulton County \$308,574 for Fire Rescue Services provided to FID. As of March 31, 2018, COSF revenues totaled \$26,179,912, representing approximately 40% of the \$65,080,926 budgeted.

Below is a snapshot of currently unrealized revenues:

- Real Property Tax - Payment deadline has passed, not much more revenue is expected perhaps some late payments and adjustments.
- Motor Vehicle: Fulton County to reconcile payments due to the City of South Fulton once agreement is reached on sharing of motor vehicle revenues.
- Intangible Tax, Other and Real Estate Transfer tax were all adjusted down based on half year collections. Fulton County is to provide reconciliation of remittance to the City for (Intangibles regular and recording, Real Estate Transfer Intangible revenues).
- Local Option Sales and Use Tax revenues will exceed the budgeted amount of \$21,688,222 basing of the six months collection, hence increasing it to \$24,044,320.
- Alcohol Beverage Excise Tax revenue has been reduced to match collection to date. The City lacks current capacity to audit for compliance.
- The City was ineligible to receive Insurance Premium Tax revenue for fiscal year 2018.
- Intergovernmental revenues were made up of Police services, Fire Services and Business License services all to Fulton Industrial Blvd (FID) adjustments have been made to reflect the anticipated collection for this year.
- Other Charges for Service revenues include miscellaneous fees from Parks and Recreation, Police and Fire rescues that are on the rise as more and more services are sought throughout the City.
- Municipal Court revenues have been reduced to \$200,000 for the year. Even with expanding court services, because this revenue is shared with other jurisdictions, the receipts are likely to be less than budgeted.

## *Expenditures*

The COSF is currently operating within budget in relation to expenditures. At the end of March 2018, expenditures amounted to \$26,415,761 or 42% of the total budgeted. The City has entered into a variety of IGAs with Fulton County for essential services throughout the transition period including, but not limited to:

- (a) Emergency Management 911 – IGA Article 7.5
- (b) Animal Control – IGA Article 9.2
- (c) Road and Highway Maintenance – IGA Article 27.3
- (d) Utilities – IGA Article 27.3
- (e) Storm Water – IGA Articles 28.1

As the City transitions services from Fulton County, there have been a variety of unbudgeted expenses. These expenses include priority transportation projects, which have been approved by the COSF City Council, decisions to transition existing staff and assets also have varying impacts on expenditures. Hiring all Fulton County staff members at existing compensation rates in lieu of COSF developed pay and class plan, obligates expenditures to the current and future fiscal years.

A snapshot of adjusted expenditures are included below:

- ✓ The City Manager's Office: \$92,000 has been added to the CMO's budget to accommodate one FTE.
- ✓ Finance & Administrative Services: For 3 FTE's (2 Finance, 1 Purchasing) as well as software addition.
- ✓ Facilities Management: Transferred to General Services
- ✓ Business License: Transferred from Community Services, propose a temporary reassignment to Finance Department until FY2019.
- ✓ Information Technology: Purchase of servers, wireless devices, data storage and security.
- ✓ Human Resources: Proposed reduction is for FY2018 only based on savings from existing vacant position.
- ✓ Communications: Addition is to acquire needed professional services.
- ✓ General Services: This department/cost center was created with funds budgeted for Facilities Maintenance, additional funds are to cover cost of including Fleet Services.
- ✓ Police reduction is based on savings from vacancies, reallocations to support FY2018 expenditures.
- ✓ Fire reduction is based on vacancy savings to support FY2018 expenditures.
- ✓ Animal Control and Public works proposed changes are based on monthly billings from Fulton County.
- ✓ Community and Development Services decrease in response to transfer of business license division and establishment of a General Service Department/cost center to include Facilities Management.
- ✓ E-911 Totals based on the monthly billing amounts from Fulton County as well as \$350,000 for required radios for the department.
- Debt Service: Reduction reflects calculation of actual payment due of \$12.4 million.
- The allocation of \$980,000 to five (5) transportation projects (Capital) to cover the COSF share of approved projects.



- *Note: The South Fulton transportation plan (Approximately \$65,000) must receive final approval from City Council following the adoption of the budget modification.*

### *Personnel*

For future transitions (post-Parks and Recreation), the City must consider revisiting the “promise” to hire every employee at the same salary and benefits they had at the County. This promise exacerbates the pressure on cash flow, and more importantly exposes the City to other financial liabilities that may be avoided with another layer of vetting prior to hire, and the City would be better positioned to coordinate personnel activities it is able to afford.

As a result, of the prior transition activities, the City has more than tripled in size since the current organizational chart was developed and approved. A brief overview of budgeted positions including Parks and Recreation is included below.

<b>Row Labels</b>	<b>Count</b>
<b>FT</b>	
City Manager	1
Clerk	3
Court	3
Development Services	27
Finance	7
Fire	156
Human Resources	2
Information Technology	1
Mayor	1
Police	95
<b>FT Total</b>	<b>296</b>
<b>PT</b>	
City Council	7
Clerk	5
Mayor	1
<b>PT Total</b>	<b>13</b>
<b>Vacant</b>	
City Manager	2
Clerk	2
Communications	2
Court	2
Development Services	13
Economic Development	1

Finance	1
Fire	31
Human Resources	1
Information Technology	1
Police	65
<b>Vacant Total</b>	<b>121</b>
<b>Grand Total</b>	<b>430</b>

*Note: The sixty (60) Parks and Recreation positions are not included in the grand total, but includes both full and part time staff. The total with Parks and Recreation is 490 budgeted staff.*

### *Organizational Structure*

Previous transition activities have highlighted the need to revisit not only the City's organizational structure, but also the coordination of administrative services including human resources, information technology, and facilities management among others. Many services transitioned to the City have brought over key staff, equipment, and facilities but not the administrative infrastructure to ensure the appropriate coordination of services. As such, administrative staff has experienced challenges due to a lack of capacity.

To support the appropriate level of internal and external service delivery, the City will explore centralizing key services. An example of the benefits of centralization can be illuminated through the differences in capacity related to the transition of fire and community development services to the City. While fire has capacity around fleet management, other departments including community development services do not. Centralizing these services and increasing capacity allows the City's fleet personnel to service departmental accounts, and in turn provide service to all departments.

Further, the management and administration of services requires a more detailed delineation of responsibility. The Council approved the reclassification of the Assistant to the City Manager, to an Assistant City Manager (ACM). It is recommended that the Chief Financial Officer, be renamed as an Assistant City Manager, separating the responsibilities of internal and citizen services between operations and finance. The latter would manage supervisory employees of internal activities of a lower grade, while the ACM over operations manages higher level personnel and a larger grouping of departments. A proposed organizational chart is included in the presentation.

### **Transition Activities & Increased Capacity**

Additionally, many assets acquired through the transition are end of life or at varying stages of usefulness requiring accelerated investments by the City. Administrative staff is currently assessing projected capital needs, but key investments in facilities related to Fire and Police services have already been identified. Further, through transition, Fulton County has identified unbudgeted expenses that are the responsibility of the COSF. These expenditures are highlighted by Fire Station #15, which includes a debt of more than \$300,000.

### *Parks & Recreation*

While administrative staff has explored accelerated the transition date for Parks and Recreation, a final recommended date has not been finalized. Currently, the date of May 28, 2018 is being explored. Key considerations include the pending start of summer camps and related



programming, current County administered activities, staff transition, fee collection, and ordinance development.

### *Court Services*

Finally, the transition of police services impacts other areas under the City's purview. Chief among these is municipal courts. Due to the expanded responsibilities the court schedule must be expanded. While revenues may not equal the proposed expenses, these services are key to City operations.

Key considerations include:

- Space/Facilities
- Contract services for new and/or existing staff
- Police related court support
- Program expansion (probation, diversion, etc.)

### *Strategic Planning*

The City needs a professionally developed strategic plan. This plan would set the course for the City, establish performance measures by which the Council can manage the City Manager, establish metrics for public reporting, and set the direction and metrics for the budget. Specifically, this plan will identify strategies for key subject areas, such as information technology.

In support of efficient service delivery, the City needs a strategy for IT that clearly establishes how technology will be used to achieve business goals, and sets a path forward for enterprise architecture, infrastructure, disaster recovery, and security. Ideally, this strategy will be developed either alongside or immediately after development of the organization's strategic plan. Right now, there is a very fragmented/ad hoc spending approach for IT investments, which is unavoidable in the absence of a plan and while transition items are imminent. However, this mode of operations will end up costing the City more in the long run if we fail to get a handle on planning as soon as possible.

### *Public Works (Sanitation)*

The transition of Public Works, to date, has not been fully addressed. Currently, the COSF is developing the sanitation RFP as required to receive Local Option Sales Tax (LOST) revenue. While the County has supported the City in developing this product, additional capacity is necessary to complete the process. Currently, the City's procurement arm is a one-person entity. Carrying out required procurement activities necessitates more capacity than what exists currently. While the City is on track to finalize and release the RFP, ancillary activities may require additional capacity. Additionally, decisions related to the broader transition must be prioritized.

### *Communications*

While staff is currently recruiting for communications personnel, there is and will be a need for additional capacity. The staff recommendation is to also acquire communications related services by contract. The vendor would provide needed collateral development, assist with the development and implementation of a city-focused public education campaign, while also supporting message development, crisis management coordination, and required notifications outside of the day-to-day required activities.



**Next Steps**

On April 24, 2018, the City Manager will submit a budget amendment in support of the recommended operational enhancements provided in the presentation from the April 10, 2018 City Council meeting. This request includes the creation of two positions, Facilities Manager and Programs and Performance Administrator, highlighted in the presentation but does not increase the FY2018 budget and brings expenses slightly under those proposed in the FY2018 budget.

Should you need further information, please contact Odie Donald II, COSF City Manager at [odie.donald@cityofsouthfultonga.gov](mailto:odie.donald@cityofsouthfultonga.gov).

Cc: Mark Baker, Mayor Pro-Tem, COSF City Council, District 6  
Catherine Rowell, COSF City Council, District 1  
Carmalitha Gumbs, COSF City Council District 2  
Helen Willis, COSF City Council, District 3  
Naeema Gilyard, COSF City Council, District 4  
Rosie Jackson, COSF City Council, District 5  
khalid kamau, COSF City Council, District 7

CITY OF SOUTH FULTON  
2018 BUDGET AMENDMENT

Account Description	FY 2018 Adopted Budgeted	Income as of 03/31/2018	Proposed Increase	Proposed Decrease	Proposed Amended Revenues
<b>REVENUE</b>					
Real Property Current Year Note 1	\$ 15,657,799	\$ 13,863,074		\$ (1,657,799)	\$ 14,000,000
Motor Vehicle	\$ 2,000,000	\$ 148,938		\$ (1,500,000)	\$ 500,000
Intangibles Regular And Recording	\$ 300,000	\$ 8,816		\$ (285,000)	\$ 15,000
Other	\$ 100,000	\$ 48,626		\$ (50,000)	\$ 50,000
Real Estate Transfer Intangible	\$ 90,000	\$ 4,399		\$ (84,000)	\$ 6,000
Franchise Taxes	\$ 3,000,000	\$ 322,509		\$ (2,400,000)	\$ 600,000
Local Option Sales And Use Tax Note 3	\$ 21,688,222	\$ 10,284,978	\$ 2,356,698	\$ -	\$ 24,044,920
Hotel Motel Tax	\$ 50,000	\$ -		\$ (50,000)	\$ -
Alcoholic Beverage Excise Tax	\$ 1,700,000	\$ 750		\$ (1,698,374)	\$ 1,626
Business And Occupation Tax	\$ 3,500,000	\$ 1,089,178		\$ (2,385,000)	\$ 1,115,000
Insurance Premiums Tax	\$ 3,880,000	\$ -		\$ (3,880,000)	\$ -
Other/ Intergovt Revenue	\$ 10,268,218	\$ 311,540		\$ (9,645,138)	\$ 623,080
Building Permits	\$ 1,099,060	\$ 681,513		\$ 95,940	\$ 1,195,000
Other Charges For Services	\$ 947,852	\$ 195,663		\$ (217,852)	\$ 730,000
Municipal Court	\$ 779,775	\$ 59,644		\$ (579,775)	\$ 200,000
Confiscation	\$ 15,000	\$ -		\$ (15,000)	\$ -
Interest Income	\$ 5,000	\$ 115		\$ (4,700)	\$ 300
<b>Total General Fund Revenue Total</b>	<b>\$ 65,080,926</b>	<b>\$ 27,019,742</b>			
<b>Proposed Change to Adopted Revenues</b>			<b>\$ 2,356,698</b>	<b>\$ (24,356,698)</b>	<b>\$ 43,080,926</b>
Debt Service Fund **	\$ 12,000,000		\$ 10,000,000	\$ -	\$ 22,000,000
** TAN effected 12/2017					
<b>TOTAL PROPOSED REVENUES</b>					<b>\$ 65,080,926.00</b>

CITY OF SOUTH FULTON  
2018 BUDGET AMENDMENT

Account Description	FY 2018 Adopted Budgeted	Expenditure as of 03/31/2018	Proposed Increase	Proposed Decrease	Proposed Amended Expenditures
E-911 Emergency			1,287,500.00		1,287,500.00
Debt Service Fund	13,000,000.00			(664,000.00)	12,336,000.00
Transportation Projects			980,000.00		980,000.00
<i>Potential Surplus</i>				\$ 79,646	
<b>TOTAL PROPOSED EXPENDITURE</b>	<b>\$ 65,080,926</b>		<b>\$ 2,267,500</b>	<b>\$ (664,000)</b>	<b>\$ 65,080,926</b>